



CITY OF AUSTIN

OFFICE of the CITY AUDITOR

FY 2001-2002 Accomplishments

“We make Austin City Government better and more accountable”



OFFICE OF THE CITY AUDITOR

Fiscal Year 2001-2002 Accomplishments

Mission: We make Austin City Government better and more accountable - helping to ensure a City government that is efficient, effective, ethical, and accountable to the citizens of Austin.



City Auditor's Role:

- Establish accountability for meeting Council and citizen expectations
- Provide information to support Mayor and Council decision making
- Be a force for positive changes in City policies/programs/systems

Services: To carry out our mission, the Office of the City Auditor (OCA) delivered four distinct services to the Mayor, Council, and City management during FY 2002. These services included:

- Audits
- Investigations
- Information & Response
- Assistance

We also continued to strengthen our internal service delivery structure to help build capacity for providing these services.

Key Results:

Performance Results FY 2002	Target	Actual
Council customer satisfaction (overall)	3.0	3.34
Council customer satisfaction with the extent to which OCA has addressed significant City issues	3.0	3.29
Council customer satisfaction with contribution to improved accountability	3.0	3.42

(All customer satisfaction scores are on a 1-4 scale.)

Accomplishment Highlights:

External Initiatives – Continuous Improvement in Audit Presence

- Worked with the Audit & Finance Committee to enhance reporting on the status of OCA's service plan, facilitating a greater involvement by the committee.
- Established an independent audit presence at Austin Energy and conducted a risk assessment to guide ongoing OCA audit services at the utility.
- Identified targets of fiscal opportunity through a Citywide risk assessment of revenue sources.
- Identified and prioritized key initiatives to strengthen relationships with department directors and City Management.
- Responded to the City Management's proposal for an Internal Audit function by recommending best practices.

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Fiscal Year 2001-2002 Highlights

Audit Services

Performance Results FY 2002	Target	Actual
Percent of recommendations management agrees to implement	95%	96.2%
Number of audit reports completed	8	9

Audits resulted in action plans presented by management to resolve findings and make improvements:

- **Cultural Arts Funding Process:** We found that the Arts Commission had not established policy priorities for allocation of funds, but had used process guidelines instead. In addition, the Commission had diverged from the intent of its mandating ordinance. These conditions contributed to a breakdown in effective communications that compromised the integrity of the process.
- **Transportation Spending:** This audit provided assurance that departments had achieved an equitable distribution of transportation spending throughout the City, with adequate methods in place for planning transportation projects. Transportation spending data from the City's project management databases was successfully checked against the City's financial system of record. Data compiled for this audit was later used by departments to apply for grant funding for a target area of the City.
- **Citywide Information Technology Project Management Audit:** We found that IT projects were managed inconsistently across City departments. In addition, financial resources related to IT projects were not systematically budgeted and tracked. Finally, mechanisms for monitoring IT projects and ensuring that IT projects supported corporate IT goals were missing. Recommendations directly addressed corporate governance issues as well as inconsistencies in IT project management practices.
- **Park Maintenance:** We found that, while the City has made substantial investment in acquiring parks and providing programs, available data indicated that investment in maintenance was too low. The Parks and Recreation Department did not have in place fundamental asset management practices such as a functional maintenance inventory, routine assessment of facility condition, and maintenance planning based on the value and requirements of each facility. Recommendations aimed at improving maintenance investment, management systems and information, and accountability for use of maintenance resources.
- **Transportation, Planning, and Sustainability Department: Traffic Flow and Signalization:** We found that many core elements of a modern traffic system were installed, including a command center, backup systems, cameras, controllers, and a fiber optic network backbone. In addition, we successfully tested the back-up redundancy features of the new system. Elements still underway included additional fiber optic cabling, bringing remaining controllers online, and installing system detector loops. However, in order to achieve the larger vision of an intelligent transportation system and allow TPSD to maximize roadway planning and incident management, additional work and funding were needed.
- **Other Audits:** Other audits completed included S.M.A.R.T. Housing, Tobacco Settlement Proceeds, Six-Month Follow-Up Reporting, and Water/Wastewater Asset Management Audit Follow-Up.

Investigations

Performance Results FY 2002	Target	Actual
Percent of cases investigated to completion where accountability action occurs	60.0%	48.0%
Dollar impact (savings, recoveries, restitutions, etc.)	\$300K	\$307K

Investigative activity resulted in the following:

- **Cases:** 27 cases investigated to completion and 18 cases of completed assistance to other agencies.
- **Recoveries:** \$307K in recoveries were identified in the form of anticipated fees due to the City and restitution/disallowed costs resulting from investigative work.
- **Outcomes:** A variety of outcomes resulted from our investigative work: personnel actions (including employee separations), policy changes, contractual actions, improved internal controls to mitigate risk of future violations, improved information reporting and integrity, and evidence to support successful prosecution of wrongdoing.
- **Oversight:** Continued to support and participate in a Management Integrity Committee to provide joint oversight with management of investigation issues within the City.

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Information & Response Services

Performance Results FY 2002	Target	Actual
Customer satisfaction with quality of response	3.0	4.0
Number of responses provided	12	4
Number of requests	15	5

Upon request, we performed four limited scope reviews to provide real-time information for decision making. Overall, fewer requests were received than expected during the year, and this activity has been discontinued for FY 2003. Issues addressed in FY 2002 included the following:

- **APD Response Time:** The project revealed that the City of Austin measured police response time for 'priority one' calls in a different manner from the City of Houston. Houston did not include the time it took to answer and transfer 911 calls as part of reported response time, while Austin did. Likewise, the categorization of calls as 'priority one' varied greatly between the cities, with Austin having many more call types designated as priority one calls.
- **Performance Information Data Reliability:** We summarized performance data reliability issues identified in OCA audits during FY 2001 and FY 2002. We noted several instances where accuracy and reliability of information was called into question, impairing decision makers' ability to rely on reported results. Causes for data unreliability were generally an absence or weakness in basic data collection and review controls.
- **Utility Transfers:** For this project, we analyzed operating transfers over the last 12 years from the City's utility funds to the General Fund, trended as a percent of each fund's revenues.
- **Austin Energy Dividend Calculations:** We estimated the size of an investment pool needed to maintain Austin Energy's current annual dividend to the General Fund.

Assistance Services

Performance Results FY 2002	Target	Actual
Customer satisfaction that previously agreed-to results were achieved from assistance projects	3.00	3.67
Number of assistance products delivered as specified in assistance agreements	15	16

This activity has been significantly downsized for FY 2003, and assistance projects will be limited to Council Requests. Assistance highlights from FY 2002 were as follows:

- **Assistance to the Austin Convention Center Department (ACCD):** We provided assistance to ACCD aimed at assessing and strengthening parking operations and increasing utilization and revenue at the Palmer Events Center Garage. We researched industry standards and best practices on rates and fee structures, systems, and operational procedures. We also analyzed parking revenue and utilization patterns and provided sample management reports for ACCD to use in ongoing monitoring. In addition, we assessed cash control and security, systems, staffing, signage, and traffic flow issues.
- **Austin Energy Memorandum of Understanding:** We drafted and negotiated terms of the Memorandum of Understanding that enabled a stronger audit presence at Austin Energy. The ongoing audit presence will provide needed information to the Council in its governance role as the utility's board of directors.
- **Boards & Commissions Task Force:** We served on the Boards and Commissions Task Force and provided support to a survey, which culminated in a three-volume report to the task force. We also took the lead in the drafting of the task force report and an alternative ordinance for the Council to consider.

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Fiscal Year 2001-2002 Highlights

Internal Capacity Improvements – Supporting Service Delivery

Performance Results FY 2002	Target	Actual
OCA employee job satisfaction, shared vision and values, and commitment to the City – Percentage positive responses in the Listening to the Workforce Survey (composite)	≥ 81%	92%
Employee turnover rate	10%	21%

Highlights:

- **Employee Satisfaction:** OCA results improved in the 2002 Listening to the Workforce Survey, indicating increased employee satisfaction and commitment to the City.
- **Staffing:** Turnover increased in FY 2002 due to a retirement, resignations, and reassignments associated with a reduction in budgeted positions as part of Citywide budget cuts.
- **Training:** Focus on formal training for auditors and investigators continued, including development of training in-house and offering it to OCA auditors as well as other auditors throughout the City.
- **Policies:** OCA revised pay and performance policies to update and clarify performance expectations.
- **Government Auditing Standards:** We developed and piloted procedures for implementing the guidance in the new 2002 Government Auditing Standard on Independence.

Leadership and Professional Development

Highlights:

- The City Auditor received the Harry Hatry Distinguished Performance Measurement Practice Award from the American Society of Public Administration (ASPA) for lifetime contributions to public service.
- Audit staff served as: Chair of the Institute of Internal Auditors' (IIA) International Government Relations Committee, member of the IIA's International Internal Audit Standards Board, Member of the Advisory Council on Government Auditing Standards for the U. S. Comptroller General, president and members of the Board of Governors of the IIA Austin Chapter, Committee member of the National Association of Black Accountants, Chair of the Performance Auditing Committee of the Southwest Intergovernmental Audit Forum, Board member of the ASPA Austin Chapter, and Fellow of the ASPA Center for Accountability and Performance.
- The City Auditor is participating in a Sloan Kettering Institute/IIA joint research project on the role of auditors in government performance measurement and reporting systems.
- Audit staff presented at conferences and trainings sponsored by the IIA and the National Association of Local Governmental Auditors (NALGA).
- Audit staff enhanced credentials by earning four Certified Government Auditing Professional (CGAP), one Certified Fraud Examiner (CFE), and three Certified Internal Auditor (CIA) certifications.
- OCA auditors co-authored an article in ASPA's *PA Times* and a chapter in the book, *Meeting the Challenges of Performance-Oriented Government*.
- OCA was recognized as a best practice audit organization in the book, *Adding Value: Seven Roads to Success*, sponsored by the IIA Research Foundation.

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Fiscal Year 2001-2002 Projects

Scheduled Audits

Cultural Arts Funding Process
Transportation Spending
Citywide Information Technology Project Management
Park Maintenance
Transportation, Planning, and Sustainability Department: Traffic Flow and Signalization
S.M.A.R.T. Housing
Tobacco Settlement Proceeds
Six-Month Follow-Up: October 2001
Water/Wastewater Asset Management Audit Follow-Up
Underway: Citywide Ethics, Revenue Accountability, Affordable Housing II, AE Debt Management Fund

Investigations

Proactive fraud detection
Investigation of allegations of fraud, waste, and abuse
Support of the Management Integrity Committee
Support to other agencies

Information & Response Requested Reviews

Performance Information Data Reliability
Austin Energy Dividend Calculations
APD Response Time
Utility Transfers

Assistance Projects

Managing for Results Assessment
Best Practices in Performance Accountability: State of Texas Performance Accountability System
ACCD: Survey of Other Event Center Parking Operations & Best Practices Review
ACCD: Review of PECG Cash Handling and Reconciliation Procedures
ACCD: Parking Control System, Signage, Staffing, and Traffic Flow
ACCD: Revenue & Fee Structure Analysis
Austin Energy Memorandum of Understanding for Audit Services
Assistance to the City Clerk: Petition Validation & Lawsuit Support
Boards & Commissions Task Force: Survey, Report Draft, & Ordinance Draft

Internal Capacity Improvements

Enhancement of in-house training program
Revisions made to pay and performance policies
Pilot implementation of new Government Auditing Standard on Independence

OCA's Fraud, Waste, and Abuse Hotline: (512) 478-1101

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